

m/045/022  
Knolls  
ProjectOFFICE OF THE UTAH ATTORNEY GENERAL  
STATE AGENCY COUNSEL160 East 300 South - 5th Floor  
P O BOX 140857  
Salt Lake City UT 84114-0857  
(801) 366-0225

FAX (801) 366-0352

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## FAX COVER SHEET

DATE: 7-19-01TIME: 11:10

TO:

Name: Mary Ann WrightAgency: DOGMFax No. 359-3940NUMBER OF PAGES FAXED INCLUDING COVER SHEET 4

FROM:

Name: Shelley Exeter (Kent Seel)Phone No. (801) 366-0216

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COMMENTS: Re: Magcorp

fax.cvr

RECEIVED

JUL 19 2001

DIVISION OF  
OIL, GAS AND MINING

000616

STATE OF UTAH  
OFFICE OF THE ATTORNEY GENERAL



MARK L. SHURTLEFF  
ATTORNEY GENERAL

RAY HINTZE  
Chief Deputy - Civil

RYAN MECHAM  
Chief of Staff

KIRK TORGENSEN  
Chief Deputy - Criminal

July 19, 2001

VIA FACSIMILE  
(801) 534-1407

Tony Rudman  
Counsel for Magcorp  
238 North 2200 West  
Salt Lake City, Utah 84116-2921

Re: Reclamation Bond Increase  
Your Client: Magcorp

Dear Mr. Rudman:

I have received your July 18, 2001, voice mail message to me regarding your prior meetings with the Division of Oil, Gas & Mining staff and their request that Magcorp increase the amount of its Reclamation Bond. I am currently out of state until July 22, 2001, and until I return will not be able to respond to your request for the Division's legal authority to request mine reclamation bonds.

I understand that you or your client will be submitting a written response to the Division's request early next week. Because I was not a party to the prior meetings with your client, it would assist me if you could 1) describe each reason(s) your client understands it is being asked to increase its bond; and 2) describe each legal issue you believe is relevant to these reason(s).

Page 2  
Tony Rudman  
July 19, 2001

Upon receipt, I will then meet with the Division to discuss your client's concerns, advise the Division, and respond to the issues raised in your client's letter.

Very truly yours,

*Lynda Jensen*  
*on behalf of:*

Kurt Seel  
Assistant Attorney General

lsj

cc: Lowell Braxton, DOGM  
M.A. Wright, DOGM

000618



STATE OF UTAH  
OFFICE OF THE ATTORNEY GENERALMARK L. SHURTLEFF  
ATTORNEY GENERALRAY HINTZE  
Chief Deputy - CivilRYAN MECHAM  
Chief of StaffKIRK TORGENSEN  
Chief Deputy - Criminal

TO: Kurt E. Seel

FROM: Tony Rudman, MagCorp

DATE: July 18, 2001 - 11:

RE: Audix Message - July 18, 2001

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Mr. Seel my name is Tony Rudman. I am general counsel with Magcorp. I had a meeting with Mary Ann Wright regarding a discussion to revise the reclamation surety bond out on the Knolls facility that we operate. One of the issues that came up is that back when the project was originally proposed and approved, there was a final approval of the permit transfers and the amount and the form of the reclamation sureties. Wayne Hedberg has that in his file, it was July 26, 1990. Magcorp bonded at that time. The issue is the extent to which the BLM and the State of Utah can now require Magcorp to increase the surety amount or to change the scope of the originally agreed-to reclamation bond without Magcorp's approval.

Mary Ann told me to call you and you would have case law and also statutes that you would send to me showing that the State has the authority to do this and so does the BLM. I would appreciate it if you would share the information with me. If you need to talk to Mary Ann, you can talk to her so that I can make an assessment as to what extent we are willing to increase the bond, if any. I would like to get that done next week.

I will have my secretary put a call to Mary Ann and let her know you are out of town until next week. Thanks.